

United States Gypsum Company

P.O. Box 570160

Sigurd, UT 84657

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Task ID# 1785

April 9, 2007



Susan White  
Mining Program Coordinator  
Minerals Regulatory Program  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, UT 84114-5801

RE: Letter of Transmittal on Estimated Reclamation Costs for USG Jumbo-Jensen  
M/041/008

Dear Ms. White,

This memo is to notify you that USG has completed a basic in-house cost estimate for reclamation of the Jumbo-Jensen Quarry. The cost analysis is attached herewith, and is intended to reflect disturbances in the five (5) maps sent to you last month from Joe Crawford (USG Geological Services, Chicago Headquarters). The total current plus 5-year planned disturbance is 362 acres and will involve re-excavating/recontouring about 960,000 cu yds of waste rock and soil which will be revegetated. Disturbed areas include quarries, borrow pits, and haulage roads.

The cost estimate is patterned after a federal contract and includes current figures for equipment utilization, recontouring, site monitoring, insurance, revegetation, razing of buildings, and labor. The razing cost is related to removal of a powder magazine and a water tank. From this exercise, we estimate that the total reclamation cost for existing disturbances and disturbances incurred over the next five years is \$3.5 million. This cost assumes that no reclamation is done going forward during the next five years, and that the work is conducted by an outside contractor. This does not mean that USG will discontinue reclamation efforts.

Please advise if you require additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Josh V. Reese".

Josh Reese  
USG Project Engineer

Cc: Bruce Allen  
Clint Hattaway

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APR 16 2007

DIVISION OF OIL, GAS & MINING

**United States Gypsum Company, Sigurd Utah**  
**Reclamation Cost Calculations**  
**Jumbo-Jensen Quarry M041008**  
**Sevier County, Utah**  
**Revised - April 2007**

Sources of Data

<b>Scott Machinery- Salt Lake City, Utah (3/13/07)</b>		<b>\$/Hour</b>	<b>Fuel (gal/hr)</b>	<b>Total \$/Hour</b>
Monthly rental rates are based upon 176 operating hours				
Estimated diesel fuel cost per gallon				
John Deere 1050C bulldozer = \$14,000	\$	79.55	16.0	\$ 115.55
John Deere 770D grader = \$5,900	\$	33.52	6.0	\$ 47.02
John Deere 270D hydraulic excavator = \$7,000	\$	39.77	7.0	\$ 55.52
Mobilization for all equipment= \$3,500				

<b>Equipment Center- Richfield, Utah (3/13/07)</b>		<b>\$/Hour</b>
120 hp tractor - \$0.20 per HP/HR-\$23/HR		
105 HRS Minimum/Month		
Fuel usage - 5 gallons/hour @ \$2.29/gallon	\$	11.45
Subtotal \$/hour for tractor	\$	34.45
Ripper	\$	35.00
Disk	\$	35.00
Fertilizer Spreader	\$	35.00
Power Mulcher	\$	25.00
Ring Roller	\$	35.00
Broadcast Seeder	\$	35.00
Mobilization @ \$820 per piece of equipment		
Ripper, disk, etc. counted as one piece of equipment total		

<b>Re-seeding</b>	<b>\$/Acre</b>
Miscellaneous Seed	\$ 240.00

<b>U. S. Dept. of Labor, Davis-Bacon Wage Rates*</b>	<b>Wage</b>	<b>Fringe</b>	<b>Total</b>
Dozer Operator	\$ 22.28	\$ 9.76	\$ 32.04
General Laborer	\$ 13.25	\$ 2.79	\$ 16.04

\*Wages according to Sevier County, Utah Highway Construction parameters

**(A) Earthwork, Recontouring, Ripping or Scarifying**

**(1) Roads**

**Given:**  
Till, boulder clay/hardpan, Medium Hard, Grader Rear Ripper - 180 HP, ideal conditions  
Roads will be ripped to a depth of 1 foot  
Total area = 47.8 acres

Total area = 47.8 acres						
R. S. Means Heavy Equipment Construction Cost Data 2006	Bare Equipment Cost	Bare Labor Cost	Overhead and Profit	Adjustment for Area Code 84657	Total Cost Per Cu. Yd.	
Grader Ripper (John Deere 770D), 180 HP (2315-418-2835)		\$ 0.69	10%	99.6%	\$	0.76
Grader Ripper (John Deere 770D), 180 HP (2315-418-2835)	\$ 0.72		10%	99.6%	\$	0.79
Hydraulic Excavator (John Deere 270D) (2315-424-0260)		\$ 0.50	10%	99.6%	\$	0.55
Hydraulic Excavator (John Deere 270D) (2315-424-0260)	\$ 0.88		10%	99.6%	\$	0.96
Crawler Dozer (John Deere 1050C) (2315-432-5400)		\$ 0.86	10%	99.6%	\$	0.94
Crawler Dozer (John Deere 1050C) (2315-432-5400)	\$ 2.55		10%	99.6%	\$	2.79
Road Reclamation	Length (ft.)	Width (ft.)	Thickness (ft.)	Cubic Yards	Labor Cost	Equipment Cost
Jensen Mine	24,833	40	1	36,790	\$ 27,812	\$ 29,021
Jumbo Mine	27,257	40	1	40,381	\$ 30,526	\$ 31,854
Subtotal Roads				77,170	\$ 58,338	\$ 60,874
Total Ripping/Scarifying Roads						\$ 119,212

\*Road lengths approximated from quarry autocad drawings

**(2) Waste Rock Piles**  
Recontouring

**Given:**  
Equivalent to ripping till, boulder clay/hardpan, Medium Hard, Grader Ripper, Hydraulic Excavator, Crawler Dozer, ideal conditions

<b>Recontouring Waste Pile Surfaces</b>	<b>Cubic Yards</b>	<b>Labor Cost</b>	<b>Equipment Cost</b>
Jumbo and Jensen Mines	960000	\$ 718,714	\$ 1,454,957
<b>Total Waste Rock Pile Recontouring</b>			<b>\$ 2,173,670</b>

\*Cost per cubic yards averaged over 3 pieces of equipment.



### (3) Razing Buildings and Equipment

Given:	Data Source: Richardson Engineering Services, Inc. (1998). Inflated by 3% annually from 1998 to 2007							
	1998 Wage/Equipment Rates		Overhead	Total	Increased 3% per year		Overhead	Total
<b>Group 4 Demolition Crew</b>								
Foreman with pickup truck	\$ 8.00	\$ 29.35	\$ -	\$ -	\$ 10.49	\$ 38.49	\$ -	\$ -
Caterpillar 950F Series II wheel loader	\$ 41.00	\$ 27.95	\$ -	\$ -	\$ 53.76	\$ 36.65	\$ -	\$ -
Laborers (3)	\$ -	\$ 64.50	\$ -	\$ -	\$ -	\$ 84.58	\$ -	\$ -
Truck drivers (2) with 10 CY dump trucks	\$ 60.00	\$ 22.55	\$ -	\$ -	\$ 78.68	\$ 29.57	\$ -	\$ -
Air compressor 150 CFM with air tools and accessories	\$ 16.00	\$ -	\$ -	\$ -	\$ 20.98	\$ -	\$ -	\$ -
Subtotal Group 4 Per Hour	\$ 125.00	\$ 144.35	\$ -	\$ -	\$ 163.91	\$ 189.28	\$ -	\$ -
Allowance for general conditions and overhead (50% of labor)	\$ -	\$ -	\$ 72.18	\$ -	\$ -	\$ -	\$ 94.65	\$ -
<b>Total Cost Per Hour</b>	\$ -	\$ -	\$ -	\$ 342	\$ -	\$ -	\$ -	\$ 448
<b>Percentage of Total Cost</b>					37%	42%	21%	100%

Group 4 Crew at \$448 per hour	Steel	Wood	Masonry	Concrete
5.3 hours	\$ 2,373.55			
5.5 hours		\$ 2,463.11		
5.7 hours			\$ 2,552.68	
6.8 hours				\$ 3,045.30
Dump Fee Allowance @ \$7.21 per Cu. Yd. Allow 74 cu. Yd. per 10,000 cu. Ft. of building volume	\$ 533.25	\$ 533.25	\$ 533.25	\$ 533.25
Subtotal Cost	\$ 2,906.80	\$ 2,996.36	\$ 3,085.93	\$ 3,578.55
Contractor profit of 10%	\$ 290.68	\$ 299.64	\$ 308.59	\$ 357.86
Total, Subcontract	\$ 3,197.48	\$ 3,296.00	\$ 3,394.52	\$ 3,936.41
<b>Subcontract Standard Unit Price Per Cubic Foot</b>	<b>\$ 0.32</b>	<b>\$ 0.33</b>	<b>\$ 0.34</b>	<b>\$ 0.39</b>

Demolition and Razing Structures	Length	Width	Height	Cubic Feet	Total Cost
Water tank (12,000 gallons) - estimated 40 hours					\$ 19,705
Cap magazine - steel	8	8	8	512	\$ 164
AP Emulsion magazine - steel	8	8	8	512	\$ 164
Inactive powder magazine - masonry	20	40	10	8,000	\$ 2,716
<b>Total Demolition and Razing of Structures</b>					<b>\$ 22,748</b>
<b>Labor Cost Proportion for Insurance Premium (37% of total cost)</b>					<b>\$ 8,417</b>

### (B) MONITORING

<b>Given:</b> Quarterly inspection for two growing seasons. Two weeks per quarterly inspection (4 weeks/year) Field engineer's salary at \$1050 per week. Project manager's salary at \$1,720 per week.					
Field Personnel Costs From R. S. Means Heavy Construction Cost Data for 2006	Bare Equipment Cost	Bare Labor Cost	Overhead and Profit	Adjustment for Area Code 84657	Total Cost
Field engineer, average (01310-700-0120)	NA	\$ 1,050	10%	99.6%	\$ 1,150
Project manager, average (01310-700-0200)	NA	\$ 1,720	10%	99.6%	\$ 1,884

Project Supervision and Revegetation Monitoring	Weeks	Weekly Salary	Total Cost
<b>Revegetation Monitoring</b>			
Quarterly inspection - field engineer, three years	6	\$ 1,150	\$ 6,902
<b>Reclamation Project Supervision</b>			
Project supervision - 24 months to complete project	104	\$ 1,884	\$ 195,981
<b>Total Project Monitoring and Revegetation Monitoring Labor Cost</b>			<b>\$ 202,883</b>

### (C.) REVEGETATION AND STABILIZATION

Table 1.-Estimated Revegetation Cost for Waste Rock Piles and Stockpiles (April 2007)

Equipment	Cost/Day	Cost/Hour	Total Cost/Hour	Acres/Hour	Acres	Hours	Cost	Cost/Acre
200 HP Dozer		\$ 115.55			311		\$ -	\$ -
Ripper		\$ 35.00	\$ 150.55	1.0	311	311.00	\$ 51,502	\$ 165.60
Disk		\$ 35.00	\$ 150.55	1.5	311	466.50	\$ 77,252	\$ 248.40
Fertilizer Spreader		\$ 35.00	\$ 150.55	2.0	311	622.00	\$ 103,003	\$ 331.20
Broadcast Seeder		\$ 35.00	\$ 150.55	1.5	311	466.50	\$ 77,252	\$ 248.40
Power Mulcher		\$ 25.00	\$ 140.55	1.0	311	311.00	\$ 48,081	\$ 154.60
Crimper		\$ 35.00	\$ 150.55	2.0	311	622.00	\$ 103,003	\$ 331.20
<b>Total Cost For Equipment (includes 10% profit)</b>							<b>\$ 460,093</b>	<b>\$ 1,479</b>

Wages	Wage/Hour	Benefits/Hour	Sum	Hours	Efficiency Adjustment	Adjusted Hours	Total Wage
Bulldozer Operator (Davis Bacon Group 8, Area 2)							
Ripper	\$ 22.28	\$ 9.76	\$ 32.04	311.00	0.2	373.2	\$ 13,153
Disk	\$ 22.28	\$ 9.76	\$ 32.04	466.50	0.2	559.8	\$ 19,730
Fertilizer Spreader	\$ 22.28	\$ 9.76	\$ 32.04	622.00	0.2	746.4	\$ 26,306
Broadcast Seeder	\$ 22.28	\$ 9.76	\$ 32.04	466.50	0.2	559.8	\$ 19,730
Power Mulcher	\$ 22.28	\$ 9.76	\$ 32.04	311.00	0.2	373.2	\$ 13,153
Crimper	\$ 22.28	\$ 9.76	\$ 32.04	622.00	0.2	746.4	\$ 26,306
Laborer (Davis Bacon Group 1, Area 2)							
Mulching	\$ 13.25	\$ 2.79	\$ 16.04	311	0.1	342.1	\$ 6,036
<b>Total Cost For Wages (includes 10% profit)</b>							<b>\$ 124,414</b>
<b>Total Cost for Equipment and Wages (includes 10% profit)</b>							<b>\$ 584,506.96</b>

Seed, Fertilizer, & Mulch	Cost/Acre	Total Cost
Seeds	\$ 240.00	\$ 74,640.00
Fertilizer + Mulch	\$ 195.00	\$ 60,645.00
<b>Total</b>		<b>\$ 135,285.00</b>



Table 2. - Estimated Revegetation Costs for Roads, Exploration Areas, and Building Lots (April 2007)

Equipment	Cost/Day	Cost/Hour	Total Cost/Hour	Acres/Hour	Acres	Hours	Cost	Cost/Acre
120 HP Tractor		\$ 23.00			52.8			
Ripper		\$ 35.00	\$ 58.00	1.5	52.8	79.2	\$ 5,053	\$ 95.70
Disk		\$ 35.00	\$ 58.00	2.5	52.8	132.0	\$ 8,422	\$ 159.50
Fertilizer Spreader		\$ 35.00	\$ 58.00	4.0	52.8	211.2	\$ 13,475	\$ 255.20
Broadcast Seeder		\$ 35.00	\$ 58.00	2.5	52.8	132.0	\$ 8,422	\$ 159.50
Power Mulcher		\$ 25.00	\$ 48.00	1.0	52.8	52.8	\$ 2,788	\$ 52.80
Crimper		\$ 35.00	\$ 58.00	2.0	52.8	105.6	\$ 6,737	\$ 127.60
<b>Total Cost For Equipment (includes 10% profit)</b>							<b>\$ 44,896</b>	<b>\$ 850</b>

Wages	Wage/Hour	Benefits/Hour	Sum	Hours	Efficiency Adjustment	Adjusted Hours	Total Wage
120 HP Tractor							
Ripper	\$ 22.28	\$ 9.76	\$ 32.04	79.2	0.2	95.04	\$ 3,350
Disk	\$ 22.28	\$ 9.76	\$ 32.04	132.0	0.2	158.4	\$ 5,583
Fertilizer Spreader	\$ 22.28	\$ 9.76	\$ 32.04	211.2	0.2	253.44	\$ 8,932
Broadcast Seeder	\$ 22.28	\$ 9.76	\$ 32.04	132.0	0.2	158.4	\$ 5,583
Power Mulcher	\$ 22.28	\$ 9.76	\$ 32.04	52.8	0.2	63.36	\$ 2,233
Crimper	\$ 22.28	\$ 9.76	\$ 32.04	105.6	0.2	126.72	\$ 4,466
Laborer							\$ -
Mulching	\$ 13.25	\$ 2.79	\$ 16.04	79.2	0.1	87.12	\$ 1,537
<b>Total Cost For Wages (includes 10% profit)</b>							<b>\$ 31,683</b>
<b>Total Cost for Equipment and Wages (includes 10% profit)</b>							<b>\$ 76,579</b>

Seeds, Fertilizer, and Mulch	Cost/Acre	Total Cost
Seeds	\$ 240.00	\$ 12,672
Fertilizer + Mulch	\$195.00	\$10,296.00
<b>Total</b>		<b>\$22,968.00</b>

Table 3. Summary of Revegetation Costs (April 2007)

Component of Revegetation	Waste Rock Piles	Roads	Total
Equipment	\$ 460,093	\$ 44,896	\$ 504,989
Wages	\$ 124,414	\$ 31,683	\$ 156,097
Seeding, Fertilizer, and Mulch	\$ 135,285	\$ 22,968	\$ 158,253
Total	\$ 719,792	\$ 99,547	\$ 819,339
10% Administrative Fee	\$ 71,979	\$ 9,955	\$ 81,934
<b>Total Cost For Revegetation</b>	<b>\$ 791,771</b>	<b>\$ 109,502</b>	<b>\$ 901,273</b>
Acres	311	52.8	
<b>Total Cost Per Acre For Revegetation</b>	<b>\$ 2,546</b>	<b>\$ 2,074</b>	

## (D) Recapitulation of Total Reclamation Costs

Earthwork and Recontouring	Labor	Equipment	Materials
1. Roads	\$ 58,338	\$ 60,874	\$ -
2. Pits/adits/trenches	\$ -	\$ -	\$ -
3. Process Ponds	\$ -	\$ -	\$ -
4. Heaps	\$ -	\$ -	\$ -
5. Dumps	\$ 718,714	\$ 1,454,957	\$ -
6. Tailings	\$ -	\$ -	\$ -
7. Buildings and equipment	\$ 8,417	\$ 14,331	\$ -
8. Drainage Control Plan	\$ -	\$ -	\$ -
9. Miscellaneous	\$ -	\$ -	\$ -
<b>Subtotal Earthwork and Stabilization</b>	<b>\$ 785,468</b>	<b>\$ 1,530,162</b>	<b>\$ -</b>

Revegetation and Stabilization	Labor	Equipment	Materials
Mobilization		\$ 4,320	
1. Monitoring (post reclamation)	\$ 202,883	\$ -	\$ -
<b>Monitoring and Mobilization Total</b>	<b>\$ 202,883</b>	<b>\$ 4,320</b>	<b>\$ -</b>
<b>Revegetation and Stabilization</b>	<b>\$ 156,097</b>	<b>\$ 504,989</b>	<b>\$ 158,253</b>
<b>Total Earthwork and Revegetation</b>	<b>\$ 1,144,449</b>	<b>\$ 2,039,472</b>	<b>\$ 158,253</b>

## (E) Insurance (15% of total labor cost)

Area	Earthwork	Revegetation
Roads	\$ 58,338	\$ 31,683
Waste Piles	\$ 718,714	\$ 124,414
Demolition/Razing	\$ 8,417	\$ -
Monitoring	\$ 202,883	\$ -
<b>Subtotal Labor</b>	<b>\$ 988,352</b>	<b>\$ 156,097</b>
<b>Grand Total Labor</b>	<b>\$ 1,144,449</b>	
<b>Insurance (15%) of total labor cost</b>	<b>\$ 171,667</b>	

## (F) Totals

Total Reclamation Costs + Add-ons	Labor	Equipment	Materials
Total Earthwork and Revegetation	\$ 1,144,449	\$ 2,039,472	\$ 158,253
Insurance (15% of total labor)	\$ 171,667	\$ -	\$ -
<b>Total</b>	<b>\$ 1,316,116</b>	<b>\$ 2,039,472</b>	<b>\$ 158,253</b>
<b>Grand Total</b>	<b>\$ 3,513,840.58</b>		

Revegetation Plan Developed by TRC Mariah and Associates, Laramie, WY (October 1993)  
 "Revised Revegetation Plan for the U. S. Gypsum Company Sigurd, UT Gypsum Quarry Area"